

Message Text

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PAGE 01 LUANDA 01047 031438Z

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FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3096

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E.O. 11652: N/A

TAGS: EAIR AO

SUBJECT: HIGH COMMISSIONER ASKS DEPARTMENT'S ASSISTANCE IN BOEING
PURCHASE

FOR ASSISTANT SECRETARY EASUM

1. THE HIGH COMMISSIONER FOR ANGOLA, ADMIRAL ROSA COUTINHO, CALLED ME IN ON DECEMBER 2 TO ASK FOR STATE DEPARTMENT HELP IN GETTING A DECISION FROM THE EXPORT-IMPORT BANK REGARDING CREDIT FOR TWO BOEING 737S AND AN AIR TRAFFIC CONTROL SYSTEM.

2. ACCORDING TO THE ADMIRAL AND SECRETARY WITHOUT PORTFOLIO, ANTONIO ALMEIDA, THE GOVERNMENT'S ECONOMIC COORDINATOR, AN ANGOLAN MISSION TRAVELLED TO WASHINGTON OVER A MONTH AGO TO ATTEMPT TO OBTAIN A DECISION FROM EXIM ON FINANCING FOR THE JETS, WHICH WILL COST 19,000,000 DOLLARS. EXIM SAID IT COULD NOT DECIDE AT THAT MOMENT AND ASKED THE ANGOLANS TO WAIT. THEY STILL HAVE NOT HEARD AND NOW THE DEADLINE FOR SIGNING THE CONTRACTS WITH BOEING, DECEMBER 10 AND 12, ARE APPROACHING. AFTER THOSE DATES, IF THE PORTUGUESE DO NOT SIGN, BOEING WILL BE FREE TO RENEGOTIATE THE PRICES. IN ORDER NOT TO WIND UP PAYING MORE, THE GOVERNMENT HERE HAS ORDERED BOEING TO GO AHEAD AND PRODUCE THE PLANES. TO DO SO IT HAD TO DEPOSIT FOURTEEN MILLION DOLLARS IN THE U.S. (THE PRICE OF THE AIRCRAFT LESS ENGINES AND SPARES).

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PAGE 02 LUANDA 01047 031438Z

3. IN JANUARY, 1974 EXIM AND U.S. BANKS OFFERED 90 PERCENT FINANCING. AS TIME HAS GONE ON THEY HAVE REDUCED THEIR AMOUNT OF CREDIT UNTIL THE LAST OFFER, WHICH TOTALED 70 PERCENT. THE ANGOLANS ARE PREPARED TO ACCEPT, BUT IT NOW APPEARS THAT EXIM IS UNWILLING TO PROVIDE ANY FINANCING.

4. THE ADMIRAL AND ALMEIDA ARE QUITE CERTAIN THAT THERE WILL BE NO PROBLEM OF REPAYMENT, EITHER BEFORE OR AFTER INDEPENDENCE. THEY CANNOT SPEAK FOR THE GOVERNMENT THAT WILL TAKE OVER, OF COURSE, BUT THEY ARE CONVINCED THAT IT WILL STAND BEHIND ANY COMMITMENT MADE PRIOR TO INDEPENDENCE. THE STUDY THAT LED TO THE DECISION TO BUY BOEINGS IS SOUND AND ALMEIDA IS CERTAIN THE LIBERATION GROUPS WILL APPROVE THE DECISION.

5. THE ADMIRAL SAID HE HOPED YOU WOULD TAKE A PERSONAL INTEREST IN THE MATTER. HE RECOGNIZES WHY EXIM IS RELUCTANT TO MOVE AHEAD, BUT HE BELIEVES IT IS IN THE INTEREST OF ALL CONCERNED, ESPECIALLY OF AN INDEPENDENT ANGOLA, TO INSTALL THE TRAFFIC CONTROL SYSTEM AND BUY THE JETS NOW AND MAKE SURE THE EQUIPMENT DOVETAILS WITH THAT NOW IN EXISTENCE IN SOUTHERN AFRICA. THERE IS NO DOUBT IN HIS MIND THAT THE NEW GOVERNMENT WILL STAND BEHIND THE OBLIGATION.

6. THE ADMIRAL SAID THAT IF THE ANGOLAN GOVERNMENT HAD TO PAY CASH, IT PROBABLY COULD DO SO, BUT AT GREAT COST TO GOVERNMENT OPERATIONS. THE MOST DELICATE AND IMPORTANT JOBS THE AUTHORITIES HAVE HERE ARE TO BRING THIS PROVINCE TO INDEPENDENCE PEACEFULLY AND TO ESTABLISH SOUND ECONOMIC AND SOCIAL PROGRAMS THAT WILL GET THE NEW NATION OFF TO A GOOD START. THE ADMIRAL DOES NOT WANT TO MAKE THE TASK ANY MORE DIFFICULT THAN IT ALREADY IS BY DRAINING AWAY LARGE AMOUNTS OF CASH NEEDED FOR THE PROPER FUNCTIONING OF GOVERNMENT.

7. I HOPE WE CAN HELP OUT IN THIS MATTER. A COALITION GOVERNMENT WILL TAKE OVER SOON, PROBABLY EARLY NEXT YEAR. AS THE GOVERNMENT IS NOW COMMITTED TO BUY THE BOEINGS WE SHOULD NOT APPEAR TO BE UNSYMPATHETIC TO THE NEEDS OF THE NEW NATION BY REFUSING CREDIT. FINALLY, WE ARE DEALING HERE WITH VITALLY NEEDED TRANSPORT AND SAFETY EQUIPMENT THAT THE NEW GOVERNMENT WILL HAVE TO ACQUIRE IF IT DOES NOT ALREADY HAVE THEM ON HAND.

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